

# **Challenges of the Corporate Social Responsibility Practices in Developing Countries**

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### **Abstract**

*Corporate social responsibility (CSR) debate has emerged as an ‘inescapable priority’ for corporations in today’s globalised world but CSR in developing countries has been neglected in the literature. This paper examines the existing global models of CSR practices and identifies difficulties in applying these models in the developing country context. It argues that global models cannot be replicated by developing countries without prior examination due to the macro environmental conditions and country-specific contextual determinants.*

*Five domains are recognised in the existing CSR models, namely economical, legal, ethical, philanthropic, and environmental. However most corporations in developing countries view philanthropy as their major social responsibility and largely ignore other domains.*

*This paper suggests an operational framework of CSR practices in developing countries.*

Key words: Corporate social responsibility, determinants, developing countries, domains, fair trade, global models, operational framework, sustainability.

## **1. Introduction**

Corporate social responsibility (CSR) has emerged as an ‘inescapable priority’ (Porter & Kramer, 2006) or ‘business virtue’ that might put business ‘under a microscope’ (Vogel, 2006). These observations have impacted on corporate business management practices, because the notion of CSR has already been implanted within business itself and in the arena of global governance institutions (Coghill, Black, Holmes, & Stubbs, 2005). The idea of CSR is that business and society are interrelated, not two separate entities (Wood, 1991).

The rising importance of CSR in the corporate agenda implies a growing understanding of the contribution of CSR to corporate reputation and business performance (Echo, 2004). A corporation practising CSR could present itself as a transparent, responsible and accountable firm that addresses the necessary concerns of society (Grainge, 2007). Indeed, it is a growing demand at present that corporations respond to social concerns (Quazi, 2003).

However, divergence on policies and practices of CSR between developed and developing countries are evident in the literature. Developed countries, such as the US, Australia, and regional such as the OECD and the EU, have incorporated CSR into their business lexicon. But the literature reveals that a range of models and frameworks of CSR practices are from country to country and even business to business. In Australia, for example, the Corporate Social Responsibility Index (CRI) is a CSR measure that is gaining popularity in corporate boardrooms. In 2007, 40 leading corporations participated in CRI evaluation in Australia. The top five companies in the index scored over 95%: HBOS PLC, British Telecom, EnergyAustralia, Xstrata and ANZ (CRI, 2008). This demonstrates that the notion of CSR is gaining acceptance in countries like Australia.

But in developing countries it is hard to find CSR practices used in a logical way. For instance, Jamali (2007) used a pioneer CSR model described by Carroll (1979, 1991) to study CSR practices in Lebanon. He argues that, irrespective of whether corporations in Lebanon are multinational or national, CSR is practised in a philanthropic way. There is no defined CSR framework that exists in the country. Hence, an observable gap exists between developed and developing countries in regard to CSR practices.

This article briefly examines major models of CSR practices and identifies the limitations of these practices in a developing country context. It suggests an operational framework that could be appropriate for developing countries. The article argues that present CSR practice models of developed countries cannot be replicated without prior examination. The article also explores the perceived determinants that impact on CSR practices in developing countries.

To address the above objectives, this article mainly examines publicly available sources in order to explore current practices of CSR used by developed and developing countries. We shall first briefly review major theoretical models of CSR practices, considering a comprehensive definition of CSR and subsequently, a comparative matrix of these Models will be illustrated. Then this will be linked with developing countries practices in order to identify the challenges and contextual issues affecting CSR practices. Finally, a framework is suggested and conclusions are drawn.

## **2. Major Theoretical Models of Corporate Social Responsibility Practices**

### **2.1 Defining CSR**

In the management literature three terms, CSR, corporate social performance (CSP) and corporate citizenship (CC), are each used frequently and apparently interchangeably. In this article we use CSR, as it expresses encapsulates the meaning more clearly. Carroll (1991:40) defines corporate social performance as ‘an inclusive and global concept to embrace corporate social responsibility, responsiveness, and the entire spectrum of socially beneficial activities of businesses. .... By which we assess business performance to include quantity, quality, effectiveness, and efficiency’. Schwartz & Carroll (2008:165) point-out that ‘in terms of potential deficiencies, it is not clear that CC has sufficient substance that clearly differentiates it from CSR’. In practice, corporate social performance ‘attempts to model and measure social responsibility in terms of performance (Matten, Crane & Chapple, 2003:110). They also explain that ‘there seems to be nothing in the corporate citizenship literature which is significantly different from the traditional CSR stance’ (page 113). Thus the term CSR has gained broad acceptance in the business community (Schwartz & Carroll, 2008:157).

According to Carroll (1979:500) ‘the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point of time’. This definition led to the classification of CSR activities into four domains, being economical, legal,

ethical and discretionary (the latter subsequently replaced by philanthropy) (Carroll, 1991). Over time the environmental responsibility of entities has emerged as the most discussed issue in today's CSR literature. Sustainable environmental practice by corporations is a frequently discussed topic among global political and corporate leaders. Carroll's definition does not specify the environment as a distinct domain, just as Coghill et al., (2005) placed it rather as a social issue among practices conducted in a philanthropic manner. According to Coghill et al. (2005:3), CSR is 'acceptance by a corporation of responsibility for the social impact of its activities, including effects on the natural environment'. Their definition provides a unification of the domains of CSR discussed. Also, Coghill et al. (2005) have identified a new domain, the environment. They argue that philanthropy does not satisfy the discharge of a business's CSR except insofar as it addresses the social or environmental impact of its activities. Corporations have a responsibility to support and comply legal sanctions ensuring public goods in regard to environment (Donaldson, 2001).

Moreover, according to the Kennedy School of Government (KSG) (2007), CSR 'encompasses not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm'. This definition is precise in identification of different dimensions of CSR practices such as the economical, social, and environmental. Therefore, in practising CSR it is necessary for corporations to reveal how they are making profits, and how they are responding to the internal and external milieu of their businesses and, broadly, to society and the environment.

Examination of the features of the definitions discussed above provides an *operational* definition of CSR which means: 'A corporation's responsible behaviour that covers economical, legal, ethical, philanthropic and environmental issues of business and society'. Therefore, an integration of these three definitions (Carroll, 1979 & 1991, Coghill et al., 2005, and KSG, 2007) provides an analytical construct to critically assess the applicability of a CSR model for developing countries.

## 2.2 Global Models

A critical review of major models of CSR indicates that many businesses have developed their own norms of responsible behaviour. Over 300 corporate responsibility standards are in existence (Coghill et al., 2005). It is hard to find a dominant one, or even to reject one (Godfrey, 2007), because ‘there are still no standardised metrics for CSR’ that can be followed unanimously (Vogel 2006:70). Figure 1 illustrates how over time the concept of CSR has been developed in the management literature. In the early stage CSR, the practices of corporations concentrated only on philanthropic activities but over time it transformed into corporate citizenship in today’s business lexicon. This term incorporates the essence of the CSR definition discussed above.

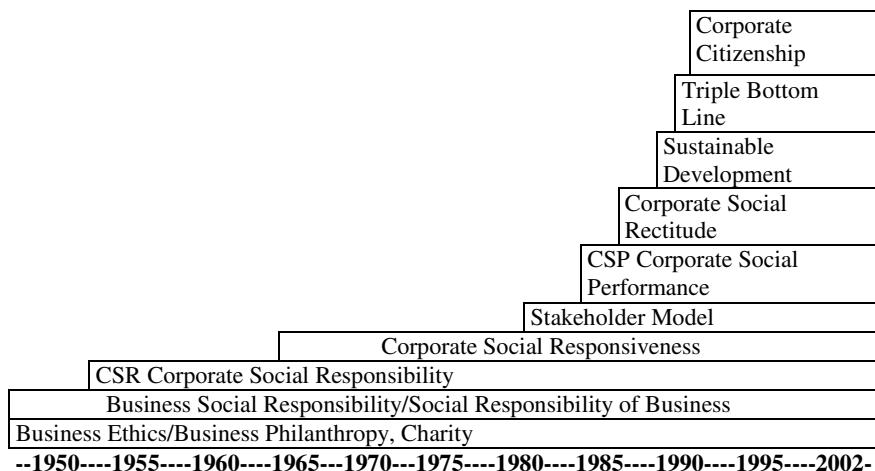


Figure 1: Developments in CSR-Related Concepts (After Mohan, 2003:74, in De Bakker et al., 2005:288)

Major theoretical models of CSR can be categorised into two approaches: (i) the academic approach, which examines the nature of global issues of CSR practices; in this paper five such models, are reviewed and (ii) the institutional approach, which explains how the global issues of CSR practices can be measured. Several global bodies, regulatory entities, and regional forums have proposed these CSR-related models. In this article, seven such models are reviewed.

### (i) The Academic Approach

#### 1. Carroll's Three-dimensional model (1979)

Carroll (1979) suggested a three-dimensional corporate social performance model. This model assists in measuring how a firm’s social responsibilities can be assessed, and identifies the social issues it must address and its choice of a responsive philosophy.

Carroll's (1979) model identified four components: economic, legal, ethical and discretionary (the latter subsequently replaced by philanthropy, as we have noted: Carroll, 1991). Carroll's four-part framework began with economic performance as the foundation of the other three domains. Moreover, ethical responsibility of corporations can be explained 'by their social connectedness, openness, critical flexibility, and responsiveness' (Balmer et al., 2007:13). Carroll also explains how codified legal and philanthropic responsibilities can be used as guides to managers.

Carroll's three-dimensional model supports most of the domains of CSR definition – economic, legal, ethical, philanthropy – but did not address the environmental domain adequately. Also there are more than ninety boxes inside the model but no clear explanation is evident for what could emerge from these boxes (Wood & Jones, 1995). He also failed to differentiate between types of business's mandatory and voluntary responsibilities (Jamali, 2007). This model is constructed on the basis of the CSR issues debated in developed countries (ACCSR, 2007). Therefore Carroll's 3-dimensional model demands more research from a developing country perspective to explore the determinants that influence the features of CSR practices.

## 2. Wartick and Cochran CSP Model (1985)

Wartick and Cochran (1985) revisited Carroll's model and particularly extended the third dimension into issues of management, i.e., into public, strategic and social issues. They tried to evaluate and modify Carroll's model, but specific CSR issues that corporations should practise are not considered (1985). They explained 'social responsiveness' as a single process and 'policy' as a social outcome of corporations, but if policy does not exist, a corporation's social performance cannot be elusive (Wood, 1991). Yet the institution appeared in this model as an important determinant to integrate CSR. In a developing countries' perspective this model needs to be examined.

## 3. Wood's Corporate Social Performance Model (1991)

Using earlier research of Carroll (1979) and Wartick and Cochran (1985) on CSR, Wood conceptualises CSR into a broader societal context, rather than defining it (Jamali & Mirshak, 2007), which primarily presents outcomes of corporate behaviour. Wood (1991) puts business environmental assessment at the top, which includes the physical environment from which the business draws resources and into which it discharges pollutants, including carbon dioxide, a 'greenhouse' gas.

Industry measurement of carbon dioxide discharges – a very specific form of environmental assessment – will soon be mandatory (Coghill & Majumdar, 2007).

Therefore Wood's model is much more comprehensive in comparison with the earlier version of Carroll (Carroll, 1999). This model is classificatory in nature rather than a theory, because there is no theoretical logic and procedure which links the elements to one another and generates explanations and predictions (Mitnick, 1993). Jamali and Mirshak (2007) argue that Carroll's (1979, 1991) model and Wood's (1991) model are complementary in nature. However none of these models take into account the context in which corporations operate in developing countries.

#### 4. Quazi and O'Brien's Two Dimensional Model 2000

Quazi and O'Brien's (2000) conceptual map lays out some parameters for CSR. It suggests that CSR can be narrowly defined with few obligations, or very broadly defined with extensive, wide obligations to society. Alternatively, CSR can be considered as either the costs to a business or the actual benefits to the business, leaving aside any social benefits. At one extreme, philanthropy can discharge CSR. Philanthropy is not found in other perspectives. Examination of the few determinants of CSR practices such as socio-culture, market setting, and the political environments is the distinctive feature of this model. This model also demands to be examined in different industry environments before prescribing as global.

#### 5. Maloni and Brown Model (2006)

Maloni and Brown (2006) have developed a model of CSR and tested it in the US food industry. They identified eight issues of CSR. These are: animal welfare, biotechnology, community, environment, fair trade, health and safety, labour and human rights, and procurement. Their argument is that in a food industry the public is primarily concerned about the supply chain's CSR activities. This framework has covered issues of CSR practices, but it is not clear that how they have selected these eight issues. Also, their framework is limited to a developed country context.

### **(ii) The Institutional Approach**

#### 1. Global Sullivan Principles of Corporate Social Responsibility (1977, 1997)

These principles were first drafted in 1977 for American corporations operating in South Africa by Sullivan and later amended in 1997. This is based on principles such as human rights, equal

opportunity, respect for employees' freedom of association, employees' right to increase skills and capabilities, occupational health and safety, and fairness in the workplace.

One of the strengths of this model is that these principles originated from experience in a developing country. In reviewing the Sullivan principles, it is observed that in developing countries labour-related issues are the prime consideration of CSR practices, as they are supposed to be far behind international standard practices.

## 2. The Caux Round Table Principles for Business (1994)

In 1994 business leaders developed the Caux Round Table principles addressing two basic ethical issues: living and working together for the common good and the value of human capital (CRT, 2007). This table suggested six sets of principles emphasizing a corporation's responsibility towards its customers, employees, owners and investors, suppliers, competitors, and communities (Stephen, 2005). These are an aspirational set of recommendations and are voluntary. Like the earlier models, the applicability of Caux principles in developing countries has not been clarified.

## 3. OECD Guidelines for Multinational Enterprises (2000)

Thirty-eight countries, including thirty OECD countries, subscribe to these guidelines specific to MNEs. These guidelines set out general principles for business (Coghill et al., 2005) and cover many issues of CSR practices, such as human rights, workplace relations, consumerism, environment, and anti-corruption (OECD, 2000) . They are voluntary in nature, but OECD make members a commitment to promote them among MNEs in or from their territories, and country-specific national contact points (NCP) oversee the operational aspects of the guidelines (OECD, 2000). How MNEs engage in CSR when working in developing countries is not determined by these guidelines.

Therefore a gap exists between developed and developing economies in regard to CSR, which could stand in the way of sustainable political and economic governance around the world.

## 4. Corporate Responsibility Index (CRI) (2003)

In the UK, Business in the Community (BITC) introduced the CRI in 2003. The CRI model is based on a framework of four components: corporate responsibility strategies; how strategies are implemented across the business; the management of corporate responsibility within the business; the impact on performance in a range of social and environmental areas (CRI, 2003).

## 5. The UN Norms on the Responsibilities of Transnational Corporations and other Business Enterprises with regard to Human Rights (2004)

In 2004, the United Nations Commission on Human Rights (UNCHR) proposed norms focusing on the human rights obligations specified in the Universal Declaration of Human Rights and also recognised responsibilities and norms contained in United Nations treaties and other international instruments (UNHCHR, 2003). These norms mainly focus on consumer issues, labour rights and environment. Economic and philanthropic domains of business are not addressed.

## 6. Global Reporting Initiative (GRI)

The GRI is an international network of business, civil society, labour and professional institutions that formulates reporting standards for voluntary use by corporations in the economic, environmental, and social performance domains through a third-generation (G3) sustainability reporting framework (GRI, 2006). Recently the UN incorporated the G3 reporting initiative to implement the United Nations Global Compact (UNG, 2008). Success of this initiative largely depends on trial and error among UN member states.

## 7. United Nations Global Compact (UN GC)

In July 2000, the United Nations suggested a voluntary framework UN GC to its member states to practise CSR. It relies on a set of core values in four principal areas of global issues of CSR: human rights, labour standards, environmental concerns derived from long-standing international agreements, and anti-corruption. UN GC is the largest initiative of all practice models and frameworks. At present, more than 5700 participants from 120 member states are engaged in this process (UN GC, 2008).

### **2.3 Overview of the Models**

The above review of the different CSR-related models has argued that CSR is multidimensional in nature. It appears that issues of CSR practices vary, which needs to be addressed in different industry and country contexts. There are also determinants that influence CSR activities of corporations. Over time, environmental concern has emerged an added domain of CSR study. This requires a new corporate management ethos since environmental impact is now an integral part of corporate business engagement.

In the academic approach, CSR has been critically explained and viewed in several domains that need businesses' attention. In the institutional approach, CSR is viewed in a practitioner's context and illustrates the issues of CSR. Both approaches have been largely modelled for a developed country context, rather than considering developing country-specific CSR practices. A comparative analysis of both schools of thought has been presented in Table 1 (**Appendix 1**), which demonstrates the differences and commonalities and identifies the research gaps. From the discussion of major models it appears that CSR engagement by corporations is not a philanthropic issue as is widely believed at present; rather it is a process through which businesses can gain competitive advantage and also generally contribute to the sustainability of global governance.

Business practices that once were oriented solely to profit are no longer acceptable. The responsible behaviour of corporations in dealing with their internal and external stakeholders is now discussed widely. Environmental sustainability has appeared as one of the major social issues. The notions of CSR require government and businesses to suggest responsible behaviour to improve global sustainability.

### **3. Corporate Social Responsibility Practices in Developing Countries**

The contextual issues that determine the state of CSR practices in developing countries prevents the application of global standards advocated by both schools of thought. The industry environment is not the same as in developed countries and major issues affecting CSR practices also vary widely according to the local environment. Under-developed capital markets, weak legal controls and investors' protection, and economic or political uncertainty often stand in the way of CSR engagement of corporations (Tsamenyi et al., 2007). Government in developing countries usually promotes FDI for economic development rather than promoting standard CSR practices among corporations (Benigni et al., 2007).

In Sri Lanka most corporations do not follow any national or international benchmark in practising CSR and corporations perceive CSR as being practices such as sponsorship of sporting events, donations to charities, and other social activities (Kumar et al., 2004). In fact in developing countries CSR practices are chiefly viewed as philanthropic activities (for instance, Tata in India and large banks in the Middle East, corporations in Bulgaria) (Hopkins, 2007 & Iankova, 2008).

In Thailand, the government does not police labour standards of corporations. In fact, it does not have adequate resources to oversee them and is largely dependent on multinationals that set their own practices of labour standards (Boris et al., 2007). But government has a positive role in advocating CSR practices among corporations. If the government's role is ineffective, market protection and sustainability will be compromised (Donaldson, 2001). Therefore failure of good government-business relationship can deter practicing CSR. In Vietnam, too, global CSR issues such as labour rights, fair wage, discrimination, etc., have not been properly addressed by the government and corporations (Farrel et al., 2007). In South Africa, adult literacy is a major problem which is addressed by corporations as a CSR issue (Arumugam et al., 2007). In Brazil, government encourages and facilitates the corporate sector, particularly pharmaceutical corporations, to offer AIDS drugs at concession prices in the market place (Bennett et al., 2007). In Nicaragua, CSR practices are said to work better if a corporation gives more attention to women workers' issues, such as gender-sensitive practices, sexual harassment (Prieto-Carro'n, 2006).

In the 'dragon', China, environmental pollution by business is the prime target of environmental groups. Every year almost 400,000 Chinese die of air pollution-related disease (Darabaris, 2008). China is struggling to standardise business practices to a global standards. In economies like Bangladesh, which suffer significantly through annual disasters like floods, cyclones and storm surges (Sayeed, 2007), corporations are involved in relief distribution.

As can be seen, developing countries generally struggle in dealing with human rights, labour issues, discrimination, etc. in business. Thus a global standardised CSR practice scenario has not been observed in developing countries. There are several contextual factors which regulate the CSR practices of corporations working in developing economies. It is therefore necessary to consider country-specific determinants of CSR practices before prescribing a model for a developing country. The following section attempts to identify different contextual determinants of CSR practices in a developing country context.

#### **4. Determinants of CSR Practices in Developing Countries**

The literature suggests that there may be contextual determinants that influence CSR practices of corporations in developing countries. For example in Nigeria, the multinational oil company Shell,

failed to implement better CSR practices due to the country's lack of macroeconomic planning and management initiatives (Ite, 2004). In a study on social disclosure of corporations in Bangladesh, Belal (2001) finds that determinants like socio-political, economical and regulatory standards have influenced CSR disclosure of corporations.

Non-government organisations (NGOs) also a mediating factor over government and business entities in promoting CSR in developing countries. In India, large multinationals like GE and Ford are working with several NGOs to focus their core businesses and to assist communities (Benigni et al., 2007). In Peru, too, NGOs are playing an awareness role to create environmental consciousness (Gibbons et al., 2007). Moreover, socio-economic issues and ineffective regulations, i.e., regulatory regime and social unrest, are important determinants and have a negative influence on corporations' compliance with social responsibility practices (Hall, 2007).

Culture of a particular country or society has significant importance in accepting CSR practices. It is argued that there is no universal norms that can be applied in evaluating the behaviours of citizens' in all cultures (Velasquez, 2000). Therefore, culture of a society can be seen as an important determinant in CSR practices. Managers of corporation need to acknowledge the existing cultural behaviour in their business transactions with key stakeholders. Because 'values of one particular culture are no more, or less, justified than the conflicting values of another culture (Velasquez, 2000:345).

Factors, such as intellectual property, fair competition, accurate information, bribery have influence over economic performance of a business (Donaldson, 2001). Ethical education can also drive economic advantage (Donaldson, 2001) to a business. Internal stakeholders of a business for example managers are an indispensable part of a corporation's business activities. Managers knowledge capital of contemporary business and economic issues and the social capital they create through developing links with important stakeholders influence their decisions of CSR engagement and business performance (Rivers et al., 2005; Vasiljeviene & Vasiljevas, 2006). Even personal and demographic characteristics of corporate managers also influence CSR practices (Quazi, 2000, 2003).

Table 2 summarises features and contextual issues affecting CSR practices in developing countries. These contextual determinants are not an exhaustive list, but rather give entry point to explore further country-specific determinants of CSR practices.

**Table 2: Developing Country CSR Features and Contextual Factors Affecting CSR Practices**

Developing Countries	CSR Features	Contextual Issues Affecting Standard Application	References
Bangladesh	Relief distribution/Disaster management philanthropic engagement	Regulatory regime Level of economic development Corruption	Belal, 2001 and Sayeed, 2007
Brazil	AIDS medication and control	Government initiative Incentive to corporations Regulatory regime	Bennett et al., 2007
China	Environmental pollution	Transitional economy	Darabaris, 2008
Ghana	No regular CSR disclosers	Macroeconomic planning Management initiatives	Tsamenyi et al., 2007
India	Philanthropic engagement	NGOs	Hopkins, 2007 and Benigni et al., 2007
Lebanon	Philanthropic engagement	Institutions such as government Country-specific CSR policy	Jamali, 2007
Nicaragua	Work place Discrimination Equal opportunity	Country-specific CSR issues	Prieto-Carro'n, et al., 2006
Nigeria	No mentionable global CSR practicing models	Macroeconomic planning Management initiatives	Ite, 2004
Peru	Environment	NGOs	Gibbons et al., 2007
South Africa	Adult education	Government-business relationship	Arumugam et al., 2007
Sri Lanka	Philanthropic engagement	Country-specific CSR policy	Kumar et al., 2004
Thailand	Labour standards	Government policy Government dependency on corporations' practices	Boris et al., 2007,
Vietnam	Labour standards Discrimination	Country-specific CSR policy Government dependency on corporations' practices	Farrel et al., 2007

## 5. An Operational Framework of CSR Practices for Developing Countries

A conceptual framework of CSR practices is necessary in bridging the gap between developed and developing countries. It is argued that corporations need to address all five domains in practicing CSR. It is also evident that macro environmental conditions and country-specific determinants have impact on corporations' CSR engagement.

From the discussion of the two types of models: academic and institutional it appears that issues such as, human rights, labour standards, environmental impact, corruption, workplace relations, marketplace, discrimination between male and female employees, freedom of association, philanthropic activities, relief management, and fair trading options could be considered as important features of standard global CSR practices. But in developing countries these issues are not widely practiced by corporations. Moreover, internal organisational determinants such as managerial perception, effective use of regulatory framework, government-business relationship, role of civil society and media, and organisational readiness have impact on CSR practices. Taking these

determinants into account an in-depth study on CSR practices in developing countries can assist in bridging the gap between developed and developing country CSR initiatives.

An operational framework for developing countries is suggested (**Appendix 2**). To assess the level of CSR practices of corporations in developing countries, contextual determinants need to be identified and understood, otherwise a comprehensive picture cannot be drawn. Through the proposed operational framework, a developing country's CSR domains can be examined, present issues of CSR practices explored, a list of contextual determinants that influence the practices identified and necessary modifications suggested.

## **6. Conclusion**

CSR practices in developed nations have developed significantly and the CSR debate is quite advanced. Over the period of study the domains of CSR practices have expanded and researchers and practitioners have largely agreed on five domains (economical, legal, ethical, philanthropic, and environmental) of CSR practices. Reviews of different CSR-related global models reveal that there are certain CSR issues that are common across the major theoretical models, such as human rights, labour standards, and environmental issues.

However the state of CSR practices of developing countries is not adequately described by existing global models. The macro environmental conditions, country-specific CSR policies and contextual determinants influence their CSR practices. This is principally because of developing countries' ineffective use of regulatory framework, a lack of government initiatives, etc., which deter corporations from incorporating global better practice models. In developing countries most corporations view philanthropic engagement as their major CSR activity and are mostly engaged in profit maximisation. Other domains are largely ignored.

This article presents with an operational framework for developing countries to identify the country-specific determining factors of CSR practices. This framework could be applied to assess the CSR practices of either home-grown or multinational corporations working in developing countries. If a government or corporation can rightly address the mediating factors of CSR engagement, it could act to overcome the barriers and achieve the sustainability of internal and external environment of business and society. This could provide a pathway to understand the specific features of CSR practices in developing countries and facilitate future research on CSR in developing country contexts.

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## Appendix 1

**Table 1: A Comparative Matrix of Different Models of CSR (adopted from the review of literature)**

Models & Authors	Main Features	Observations
<b>Academic Approach</b>		
1. Carroll's Three-Dimensional Model (1979, 1991)	<p>CSR can be measured in three dimensions: nature or categories, social issues, and social responsiveness.</p> <p>Attempt has been made to identify principles, social issues, and responsiveness of businesses.</p> <p>Identified four distinct domains of CSR: economic, legal, ethical and philanthropic.</p> <p>Covers societal issues like consumerism, discretion, product quality, shareholders value, and so on.</p> <p>Seminal work on CSR. Widely accepted as one of the better practices models.</p>	<p>Limited to dimensions; no clear idea about determining factors in different country context.</p> <p>Not clear about nearly 90 boxes in the three-dimension (Wood, 1991).</p> <p>Identified major domains except environment.</p> <p>Failed to differentiate between types of business's mandatory and voluntary responsibilities.</p>
2. Wartick and Cochran Model (1985)	<p>Extends Carroll's three-dimensional model.</p> <p>Specify social issues as the issues management i.e. public, strategic and social issues.</p> <p>Social issues management explained in relation to organisation.</p> <p>Explained issues management as a policy concept.</p> <p>A better understanding of issues of CSR.</p>	<p>For studying the nature and determinants of global issues this model needs to be examined in developing countries context.</p>
3. Wood's Corporate Social Performance Model (Wood, 1991)	<p>Considered Carroll (1979) and Wartick and Cochran (1985) models.</p> <p>Comprehensive.</p> <p>Conceptualised CSR into a broader societal context rather than defining it (Jamali &amp; Mirshak, 2007).</p> <p>.</p> <p>Environmental assessment viewed as social responsiveness component.</p> <p>Considered as one of the best and entrusted</p>	<p>The nature of relationships among the principles, processes and outcomes is not clear (Husted, 2000:29).</p> <p>This CSP model is not a theory but a classificatory device, not a theory because there is no theory logic that relates the elements of the model to one another, in other words, there are no procedures for generating explanations and predictions (Mitnick, 1993)</p>

	models of CSR practices. Carroll's (1979) and Wood's (1991) models are complementary in nature (Jamali and Mirshak, 2007).	Does not specify a developing countries context.
4. Quazi and O'Brien's (2000) Two-Dimensional Model	<p>Two-dimensional view of CSR.</p> <p>Narrow to wide societal obligations &amp; cost to benefit view of businesses.</p> <p>Examined managerial perceptions close to the ethical component of CSR.</p> <p>Empirically examined in developed &amp; developing countries.</p>	<p>Issues of CSR are not much elaborated.</p> <p>Five domains are not dominantly appeared in the model.</p>
5. Maloni and Brown Model (2006)	<p>Identified eight issues of CSR.</p> <p>Supply chain related CSR issues.</p> <p>Considered internal environment of business.</p>	<p>Limited to food industry in the US; developed country context.</p> <p>External environment of businesses is not considered.</p> <p>It is not clear how they have selected eight issues of CSR.</p>
<b>Institutional Approach</b>		
6. Global Sullivan Principles of Corporate Social Responsibility (1977 & 1997)	<p>A pioneer work on CSR.</p> <p>Prescriptive &amp; aspirational in nature.</p> <p>Covers many global issues of CSR like: human rights, workplace relationships, discrimination, philanthropic activities i.e. community's well-being, environmental concern, anticorruption.</p> <p>Structured from within the experiences of developing countries.</p> <p>Foundation of many present initiatives.</p>	<p>Covers internal and external factors of CSR related issues.</p> <p>Voluntary in nature but annual reporting is mandatory.</p> <p>Aspirational in nature.</p> <p>Provides the foundation of other CSR initiatives like the UN Global Compact (Rudolph, 2005).</p> <p>Initiated in Developing countries perspective.</p>
7. The Tripartite Declaration of Principles concerning Multinational Enterprises (1977, 1997)	<p>An earlier work.</p> <p>An UN framework.</p> <p>Mainly address labour-related rights, workplace norms specific to multinational corporations, freedom of association &amp; the right to work, wages, benefits &amp; conditions of work.</p>	<p>Aspirational but provides in-depth view of human rights.</p> <p>Specific to labour issues.</p> <p>No definitive implementation mechanism, monitoring processes or legal mandate for these principles (Rudolph, 2005).</p> <p>Descriptive in nature.</p>
8. The Caux Round Table Principles for Business (1994)	<p>Addressed two ethical issues: living and working together for the common good and the value of human capital.</p>	<p>Aspirational set of recommendations &amp; voluntary in practice.</p> <p>No formal mechanism for corporate commitment to these principles exists.</p>

	Covered many important global issues of CSR practices.  Guidelines for a company's responsibility towards its customers, employees, owners, & investors, suppliers, competitors, and communities.	
9. OECD Guidelines for Multinational Enterprises (2000)	Guidelines specific to multinational enterprises.  Cover many issues of CSR practices like human rights, workplace relations, consumerism, environment, & anticorruption. Set out general principles for business (Coghill et al 2005).  Country specific national contact points oversee the operational aspects.	Limited to 38 countries including 30 OECD countries.  Lack of effective sanction for non-compliance (Jenkins, 2001).
10. Corporate Responsibility Index (CRI) (2003)	Benchmarking the CSR strategy & implementation process.  Based on a framework of four components: community, environment, market place, & workplace.  Mandatory reports on global warming & waste management (Brennan, 2005).	Voluntary in nature.  A self assessment process.  Popular in developed countries but lack of presence in developing countries.
11. The UN Norms on the Responsibilities of Transnational Corporations and other Business Enterprises with regard to Human Rights (2004)	The UN Norms.  Main focus on human rights.	Focuses on the human rights obligations of the United Nations.  Single-issue focused framework. Transfer human rights responsibilities from governments to corporate entities (Rangnwaldh and Konopik, 2005).
12. Global Reporting Initiative (GRI)	Voluntary reporting standards in the areas of economic, environment, social performance domains using a third-generation sustainability reporting framework.  Connects with UN GC in respect of Reporting.	Provides a little information for investors (Coghill et al 2005).  Needs more research before operationalised in a global context.
13. United Nations	At present the largest corporate	Not regulatory among UN member states.

Global Compact (UN GC, 2006)	<p>social responsibility initiative in the world.</p> <p>An UN initiative.</p> <p>Addresses four broad areas: human rights, labour, environment, and anticorruption.</p> <p>Integrated global issues of CSR practices.</p> <p>Involves multi stakeholders.</p> <p>Participation mostly from developing nations.</p>	<p>Lack of monitoring or enforcement mechanism (Babar, 2006).</p> <p>No system for activists to check corporations' performance and judge them (Pete, 2004).</p>
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## Appendix 2

**Figure 2: A Proposed Conceptual Framework of CSR Practices for Developing Countries**

